

ModernGraham Valuation

Company Name:

LGI Homes Inc

Company Ticker LGIH

Date of Analysis

9/1/2018



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$1,307,283,805	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.21	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	47733.33%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	13.01	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.53	Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	2.21	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.10	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.43
MG Growth Estimate	15.00%
MG Value	\$170.45
MG Value based on 3% Growth	\$64.20
MG Value based on 0% Growth	\$37.63
Market Implied Growth Rate	2.26%

MG Opinion

Current Price	\$57.60
% of Intrinsic Value	33.79%
Opinion	Undervalued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$21.67
Graham Number	\$55.97
PEmg	13.01
Current Ratio	2.21
PB Ratio	2.53
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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[GuruFocus](#)

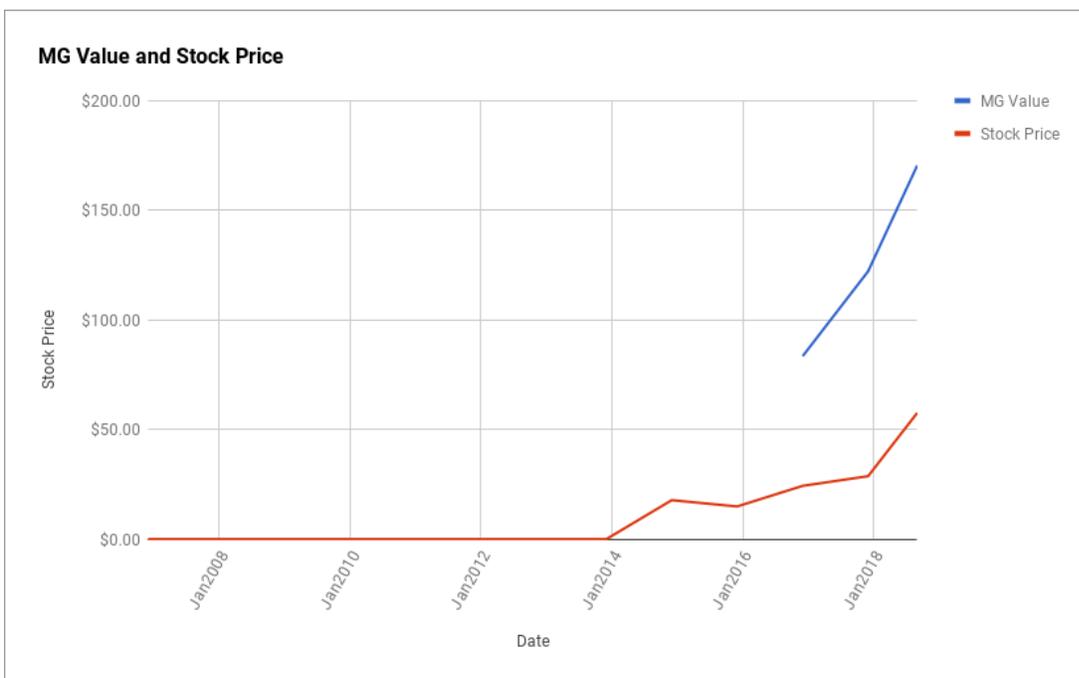
[Morningstar](#)

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.21	Next Fiscal Year Estimate	\$4.43
Dec2017	\$4.73	Dec2017	\$3.17
Dec2016	\$3.41	Dec2016	\$2.17
Dec2015	\$2.44	Dec2015	\$1.38
Dec2014	\$1.33	Dec2014	\$0.74
Dec2013	\$0.34	Dec2013	\$0.39
Dec2012	\$1.05	Dec2012	\$0.35
Dec2011	\$0.00	Dec2011	\$0.00
Dec2010	\$0.00	Dec2010	\$0.00
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Balance Sheet Information 6/1/2018	
Dec2000	\$0.00	Total Current Assets	\$1,172,890,000
Dec1999	\$0.00	Total Current Liabilities	\$529,853,000
Dec1998	\$0.00	Long-Term Debt	\$67,235,000
		Total Assets	\$1,199,919,000
		Intangible Assets	\$12,018,000
		Total Liabilities	\$631,237,000
		Shares Outstanding (Diluted Average)	25,001,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [5 Undervalued Companies for Value Investors with a Low Beta – July 2017](#)
- [Stocks Trading Closest to Net Current Asset Value – April 2017](#)
- [Best Stocks Below Their Graham Number – March 2017](#)
- [5 Best Stocks for Value Investors This Week – 3/18/17](#)
- [LGI Homes Inc Valuation – Initial Coverage \\$LGIH](#)

Other ModernGraham posts about related companies

- [Simpson Manufacturing Co Inc Valuation – August 2018 \\$SSD](#)
- [KBR Inc Valuation – August 2018 \\$KBR](#)
- [KB Home Valuation – August 2018 \\$KBH](#)
- [SNC-Lavalin Group Inc Valuation – August 2018 \\$TSE:SNC](#)
- [Stella-Jones Inc Valuation – July 2018 \\$TSE-SJ](#)
- [Aecon Group Inc Valuation – July 2018 \\$TSE:ARE](#)
- [Aecom Valuation – July 2018 \\$ACM](#)
- [Lowe's Companies Inc Valuation – June 2018 \\$LOW](#)
- [Acuity Brands Inc Valuation – June 2018 \\$AYI](#)
- [Quanta Services Inc Valuation – May 2018 \\$PWR](#)